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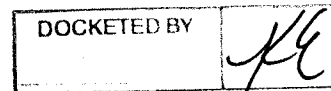
Water Utilities Association of Arizona
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DOCKET CONTROL

FEB 01 2016 AM 9 06

February 1, 2016

Arizona Corporation Commission
Chairman Doug Little
Commissioner Bob Stump
Commissioner Bob Burns
Commissioner Tom Forese
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED
FEB 01 2016



In Re: Docket No. AU-00000A-15-0309

Dear Chairman and Commissioners:

We are writing today in response to the letter docketed by Commissioner Bob Burns on January 28, 2016. In his letter, Commissioner Burns seeks to investigate "all political contributions, lobbying, and charitable contributions, i.e., all donations made" by a regulated entity and its parent company, i.e., the owners of the utility. It may well be the case that in filing his letter, Commissioner Burns did not consider the effect of this precedent on the vast and diverse universe of water company owners. And we believe it is also likely that Commissioner Burns does not wish to create a precedent that future Commissioners could use to investigate the political and charitable contributions of water company owners.

There are, as you know, 282 private water companies in Arizona – it is inarguably certain that the owners of those 282 companies have a wide universe of political, social, and charitable views. We are gravely concerned that a single Commissioner, acting alone, no matter how well-intentioned he may be, may set the precedent that a Commissioner has the power to investigate the political, social, and charitable contributions made by the owners of regulated utilities. We know, personally and factually, that the owners of Arizona's 282 water companies have widely divergent views on every social, charitable, and political issue in our country.

We are concerned that a precedent is being sought under which the Commission, or a single Commissioner, would have within their powers the ability to investigate the political and social views of utility owners, as expressed in how they choose to donate the income they earn, and the causes they support with their earned income. We believe that every person in America is free to have their own political, social, and charitable view according to their own beliefs and conscience – and that the income they earn is their own, and they are free, and must remain free, to support the causes that matter most to them.

Utility costs and revenues are regulated, and the Commission and RUCO routinely audit all expenses. This is wholly appropriate. However, we believe strongly that the income derived from utility ownership is not subject to regulatory control, investigation, or oversight. We believe the law is clear that a utility's net income (profit) belongs to the utility and its owners.

We are also in agreement with the arguments made in the Osborn Maledon Law Firm's memorandum dated September 28, 2015, and submitted by the Arizona Investment Council to this docket on October 2, 2015. In particular, we agree with Osborn Maledon that: "The use of Commission investigative authority as a campaign finance disclosure tool [or to disclose charitable and social contributions not recovered in rates] could not satisfy the "exacting scrutiny" courts apply to disclosure laws. Rather than promoting important government interests, the proposed selective targeting of some businesses "raises a red flag" and "can raise doubts about whether the government is in fact pursuing the interests it invokes, rather than disfavoring a particular speaker or viewpoint." *Williams-Yulee v. Fla. Bar*, 135 S. Ct. 1656, 1668 (2015) (internal marks and citations omitted.)"

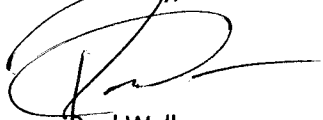
We assume that Commissioner Burns does not intend to investigate the 282 water companies to determine which political and charitable contributions may or may not have been made by the owners. And, we believe that Commissioner Burns may not have considered the precedent his action would create, or the potential that precedent would allow future Commissioners to investigate the contributions and beliefs of Arizona's 282 water company owners.

We believe that owners are, and must continue to be, free to contribute to whatever causes they support with the income they have earned from their utility operations; and that an investigation into the owners' political, social, and charitable contributions would be wholly inappropriate and unprecedented, and will have a chilling effect on their First Amendment rights.

It is, without hyperbole or sentiment, alarming to imagine a world in which the owner of any company could have their political and social views investigated, and their income and their investments put in jeopardy should a regulatory agency disapprove of the owners' views on social, charitable, or political causes.

With this letter we respectfully request that the Corporation Commission seek a formal opinion from the Arizona Attorney General's office on the question of whether the Commission has the authority to investigate how utility owners spend, contribute, or donate the income they earn.

Sincerely,



Paul Walker
Chairman, Arizonans for Responsible
Water Policy



Ray Jones
Executive Director
Water Utilities Association of Arizona